

# County Funds, Budget Policies & Legal Requirements

Placer County's FY 2004-05 Proposed Budget was developed based upon the policy considerations outlined in this section and included in the County Executive Officer's Budget Message.

## COUNTY OPERATING FUNDS

Government accounting and budgeting are expressed in terms of funds, which are independent fiscal and accounting entities with a self-balancing set of asset liability and budgetary accounts. Placer County has 12 operating, 2 capital and 18 proprietary funds that make up the Proposed Budget.<sup>1</sup> Government budgets, or appropriations, are legal limits on how much a department can spend and may not be exceeded unless additional funding is authorized through Board approved budget revisions. In practice, appropriations are the authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes, and are time limited to one year. Placer County has approximately 80 appropriations, a listing of which can be found in the Index at the back of this publication.

The two components that balance a government fund are financing requirements (financing uses and provision for reserves), which are offset by available financing (financing sources, cancelled reserves and fund balance carryover). When total financing requirements equal total available financing, the budget is balanced.

## THE GENERAL FUND

The **General Fund** is the largest countywide fund, which underwrites most countywide operations either directly as the "net county cost"<sup>2</sup> of General Fund budgets, or indirectly through contributions to other funds. The General Fund helps support the operations of most other county funds through direct contributions to those funds, which may include required state "maintenance of effort" payments for certain programs. Included in the General Fund are appropriations for general government, finance, planning and building inspection, facility services and most health and human service appropriations. Contributions are made to other funds for public safety services, fire protection services, capital construction, road construction and maintenance, open space acquisition and maintenance, library services, debt service, and community clinics and managed care.

The FY 2004-05 General Fund budget is recommended at \$282 million, an increase of \$17.8 million or 7% from the prior year FY 2003-04 Final Budget<sup>3</sup>. This budget increase is due to the inclusion of a transfer of \$17.7 million in one time funding for the construction of capital infrastructure that will begin in FY 2004-05, leaving a net budget-to-budget increase of only \$54,575.

### Financing Requirements

	Estimated Financing Uses	Provision for Reserves / Designation	Total Financing Requirements
General Fund	282,004,039	-	282,004,039

The entire \$17.7 million contribution to Capital Projects Funds will be funded from cancellation of General Fund reserves that were established by the County's Board of Supervisors over a series of years as part of a strategic planning effort to fund capital infrastructure projects.

<sup>1</sup> County service areas and Board governed special districts are in a separate budget volume.

<sup>2</sup> Net county cost is the portion of an appropriation that is funded from general-purpose revenue or available fund balance; total appropriation costs less direct fees, grants or reimbursements.

<sup>3</sup> Final budget figures include Board approved technical adjustments for contributions from the General Fund to other funds. The net effect of these adjustments is an increase in the fund's appropriation and revenue by \$37.9 million. In previous years, General Fund contributions reduced or offset another fund's appropriation, which made the budget appear smaller than it really was.

# County Funds, Budget Policies & Legal Requirements

---

General Fund financing requirements maintain essential services and programs where possible, however restrictions on expenditures have been necessary to balance the budget and stabilize service delivery systems. Several budget categories have been reduced in an effort to absorb rising personnel costs, which have increased by \$7.2 million over the prior year adopted budget, and funding has been redirected from several projects to maintain county operations: contribution to road overlay (\$1 million / 50% reduction); contribution to capital infrastructure (\$0, reduced 100% or \$3.6 million, reduced \$10 million from the department's request); contribution to open space (\$500,000, reduced 50%); and provision for reserves (\$0, reduced \$5.2 million from the department request).

Contributions to other funds in the recommended General Fund budget include \$5.2 million for the Public Ways (Road) Fund for supplemental road maintenance and overlay projects. The General Fund also makes contributions to other funds to help support activities including the Public Safety departments of Sheriff, Probation and District Attorney (\$38.0 million – including \$300,000 for contingencies); community clinic, managed care and other health and human service programs (\$7.2 million), fire protection services (\$550,000) and debt service (\$891,747).

Recommended General Fund contingencies set-aside for unanticipated expenditures or revenue shortfalls, are \$6.4 million for FY 2004-05. Consistent with prior years practices, contingencies include a “base” contingency of \$3.86 million, or approximately 1.5% of operating expenditures included in the budget (less capital construction and road project funding). Other recommended General Fund contingencies of \$2.56 million are included for operating costs or unanticipated revenue decreases, and for items that need to be carried forward and re-budgeted from the prior fiscal year.

Maintenance of prudent reserves has been part of the County's fiscal planning process for many years. In addition to capital reserves, the County attempts to reserve approximately 5% of its General Fund operating expenditures for possible emergencies or future economic downturns. Due to state budget uncertainties and its unknown impact on the County, additional provisions to reserves are not recommended with the Proposed Budget. The County Executive Office requests that \$2.3 million be considered for funding with the Final Budget to maintain the 5% thresh hold noted previously, \$1.1 for the designation for fixed asset depreciation, and an additional \$1.7 be set aside in a reserve for lease costs associated with the South Placer Criminal Justice Center.

General Fund employee positions have decreased from 1,554 to 1,548 for a net of 6 less position allocations. The Director of Child Support Services requested the de-allocation of seven vacant positions due to funding reductions from the State. A public works manager allocation was moved to Land Development (in the General Fund) from the Road Fund.

## Available Financing

	Estimated Fund Balance June 30, 2004	Cancelled Reserves	Financing Sources	Total Available Financing
General Fund	15,071,517	17,727,982	249,204,540	282,004,039

The recent economy has produced mixed results for the General Fund's revenue budget at \$249,204,540, up \$11 million or 4.6% from the prior year budget. Strong local real estate and construction markets continue to contribute to increases in secured property tax revenues, however the Governors proposed Education Revenue Augmentation Fund (ERAF) shift is anticipated to keep this revenue relatively flat at \$61 million. Other property related budgeted revenues have increased in keeping with current receipt trends. The largest increase can be found in motor vehicle license fee (VLF) revenues, which have been restored to FY 2002-03 funding levels of over \$17.million. During FY 2003-04 budgeted VLF revenues were significantly reduced as the result of a mandatory State loan, which equated to over one-fourth of projected VLF receipts (\$5 million). Construction permit revenues are also expected to increase due to Board approved fee increases by \$2.2 million. Other general revenues are estimated based upon current year or prior year's receipts including sales tax revenue (\$12.5 million, up \$630,598), transient occupancy taxes (\$2.8 million, static), and interest earnings (\$2.7 million, down \$100,000).

# County Funds, Budget Policies & Legal Requirements

---

Fund balance is anticipated due to current year expenditure savings and revenue received in excess of the amount budgeted. In Placer County, fund balance is carefully estimated and is an important part of planned, budgeted resources. Fund balance carryover from FY 2003-04 for the General Fund is recommended at \$15 million or 5% of total resources. Capital and road construction project funding for the current fiscal year has been transferred in full and will not be carried over in the General Fund. In addition to carryover fund balance, the General Fund Proposed Budget is balanced with \$17.7 million of cancelled reserves dedicated to planned infrastructure, and not for ongoing operating costs.

## PUBLIC SAFETY FUND

The **Public Safety Fund** is made up of three departments: Sheriff, District Attorney and Probation. The FY 2004-05 Public Safety Fund budget is recommended at \$80.3 million, representing an increase of \$1.7 million or 2% increase from the prior year final budget. The total gross budget has increased, however the recommended budget is \$6.5 million less than the department budget requests. Public safety services have experienced the same impacts of rising personnel costs and a reduction in state revenues and grant funding. Employee positions remain consistent with the final adopted allocation of 664.

Revenue estimates for public safety are \$80 million, \$1.1 million or 1.3% higher than the prior year. Included in this amount is an estimated \$30.7 million public safety sales tax (Proposition 172 funding) which depends upon both statewide and local sales tax generation for receipt. Sales tax revenues make up the bulk of the revenue increase for the new fiscal cycle, with all other public safety revenues budgeted at or below FY 2003-04 levels. The Public Safety Fund is balanced with \$365,752 in estimated fund balance carryover.

## PUBLIC WAYS AND FACILITIES FUND

The **Public Ways and Facilities Fund**, also commonly referred to as the Road Fund, provides engineering services in the area of design, construction and contract administration for both the County and private land development projects. The fund also maintains, protects and improves approximately 1,000 miles of roads, and accounts for road and road-related storm maintenance, including snow removal and road engineering and construction. The net budget of \$35.7 million represents a decrease of \$4.3 million or 11%, which is primarily due to the completion, or near completion, of major projects, or project deferrals due to state funding reductions. The Public Ways and Facilities Fund balances with \$1.39 million in estimated fund balance carryover. Public Ways employee positions have decrease from 129 to 128, as one position was transferred to the General Fund (from the Road Fund).

## CAPITAL PROJECTS FUNDS

Two separate funds make up the Capital Project Budget: Capital Project and Capital Project Securitization Funds. These funds account for the construction and remodeling of county buildings. Project priority is determined by whether a project is identified in the Capital Improvements Master Plan, mitigates health and safety needs, improves departmental operations, or preserves and extends the life of an existing county facility. A continuing issue that confronts the County has been the critical need to plan for and replace the County's aging facilities. Facility replacement and rehabilitation needs identified for the next 10 years are projected to be approximately \$300 million dollars, which far exceeds the County's capital reserves, capital facility impact fee balances and accumulated project funding. To bridge the gap between funding needs and funds on hand, a long range plan for financing the County's facility needs was developed that utilized a combination of accumulated reserves, current funding from within county budget resources, prudent debt obligation, growth fees and other revenue. To assist this effort, in May 2002 the Board of Supervisors approved the securitization of tobacco settlement revenue to support funding for infrastructure and management of these funds are contained within this fund. Pursuant to the bond issuance, 100% of the funding was dedicated to Placer County capital projects.

# County Funds, Budget Policies & Legal Requirements

---

The FY 2004-05 **Capital Projects Fund** budget is recommended at \$66.2 million, an increase of \$19.7 million from the prior year FY 2003-04 Final Budget. Recommended project costs for FY 2004-05 are \$63.9 million, compared to the \$45.8 for the prior fiscal year. The primary reason for the increase in project construction costs is due to the carry forward of project construction into the next fiscal year (\$40.5 million of project funding is rebudgeted from FY 2003-04). Specific projects that have been identified in the recommended budget for current year project funding include, but are not limited to: the South Placer Justice Center, Land Development Building, Auburn Justice Center, Auburn Administration Building renovation, Children's Shelter planning, Juvenile Detention Center improvements, Animal Shelter and other projects. Capital Projects will receive \$54.6 million in revenue and project reimbursement, and is balanced with \$9.7 million in estimated fund balance carryover and \$1.87 million of cancelled reserves.

The FY 2004-05 **Capital Projects Securitization Fund** budget is recommended at \$43.1 million, an increase of \$16.9 million from the adopted final budget. Budget-to-budget financing requirement have increased primarily due to the carry forward of project construction costs and related funding from the prior fiscal year. Recommended project funding for the upcoming fiscal cycle is \$43.1 million, offset by a reimbursement of \$15.05 million from earmarked but previously unbudgeted project funding including \$3.9 million from capital facility impact fees, \$1.8 million from Building Fund reserves, \$900,000 from criminal justice grant funds, and the remaining \$8.3 million from cancellation of General Fund reserves. Specific projects funded include: the Auburn Justice Center (\$24.8 million) and the Land Development Building (\$18.3 million). The Capital Projects Securitization Fund is balanced with \$22.2 million in estimated fund balance carryover and \$5.9 million in cancelled reserves.

## OTHER COUNTY OPERATING FUNDS

The Placer County Proposed Budget includes 14 operating funds, the largest of which have been summarized above. Other County operating funds include the Community Services Fund; the Special Aviation Fund; the Gold Country Tourism and Promotion Fund; the Fish and Game Fund; the Lake Tahoe Tourism and Promotion; the Open Space Fund; the Library Fund; the Fire Control Fund and the Debt Service Fund. While none of these funds is as large as those previously discussed, each fund was established to keep its assets, liabilities, resources and expenditures separate, usually for legal or programmatic reasons.

Managed by the Health and Human Services Department, the **Community Services Fund** is used to account for the Section 8 housing program. Funding provides direct and contracted social service to low income and high-risk target populations (including program effectiveness evaluation), and to provide technical assistance to subcontractors. The recommended financing requirements are \$1.6 million. The fund is balanced with \$1.6 million in revenue.

The **Special Aviation Fund** supports the Blue Canyon Airport via federal funding by providing for capital improvements, equipment maintenance and administrative support. This fund is managed by the Department of Public Works. Budgeted expenditures have decreased for FY 2004-05 due to completion of the runway lighting project, and the recommended funding level is consistent with those years when special federal maintenance or equipment funding is not received. The recommended financing requirements are \$10,000, which equal to the financing sources this fund is expected to receive from a state grant.

The **Gold Country Tourism and Promotion Fund** receives hotel-motel or transient occupancy taxes (TOT) in the unincorporated areas of the County that are west of the summit. Western slope promotional activities that encourage tourism are funded from TOT taxes. Recommended financing requirements are \$326,799. The budget is balanced with \$209,000 in estimated revenue, and \$117,799 of carryover fund balance.

# County Funds, Budget Policies & Legal Requirements

---

The **Fish and Game Fund** is used to support wildlife and fish propagation and conservation efforts. In addition to a General Fund contribution, the fund receives fine revenue from fish and game violations in the County. The recommended budget is \$10,610, which is balanced with \$2,200 of revenue and \$8,410 of estimated fund balance carryover.

The **Lake Tahoe Tourism and Promotion Fund**, previously referred to as the North Lake Tahoe – TOT Fund, receives 60% of the hotel-motel or transient occupancy taxes (TOT) in the unincorporated areas of the County that are east of the summit. Tahoe area promotional activities that encourage tourism are funded from the TOT taxes under a contract with the North Lake Tahoe Resort Association. In 1995 the Board of Supervisors approved the formation of the North Lake Tahoe Resort Association and appointed a Board of Directors, comprised of representatives from various North Lake Tahoe tourism related industries to recommend and oversee funding allocations for the Tahoe community. Resort Association activities include marketing and promotions, visitor services, public improvements and infrastructure projects. Recommended required financing of \$4.1 million is supported by estimated revenue and \$2,663 of carryover fund balance.

The **Open Space Fund** is used to account for contributions and the acquisition of open space in the County under the Placer Legacy program, in order to conserve Placer County's diversity of landscapes and natural resources. The program supports the economic viability of the County, provides enhancement of property values and furthers the natural resource goals of the Placer County General Plan and associated General Plan of the six cities within Placer County. Recommended funding requirements include \$50,000 for under grounding of utilities in Squaw Valley and \$1,361,414 for various improvements and maintenance of acquired properties, and for the acquisition of properties currently under negotiation. These costs are offset by a General Fund contribution of \$500,000 and estimated interest revenue of \$30,000. The fund is balanced with the cancellation of \$881,414 of dedicated open space reserves.

The **Library Fund** provides public library services that support the educational, recreational and cultural endeavors of citizens within the community. The County Library System serves all of Placer County except for the cities of Roseville and Lincoln, which have their own library systems. The most significant, immediate challenge facing the Library is continuing to provide quality services to a growing population with limited revenue growth. Recently the Library completed its Library Service Plan 2002-2010 to assist in qualifying for State funding and to assist staff to determine future service and branch expansion needs. Recommended financing requirements of \$4 million have been offset by \$3.7 million of revenue and \$338,017 of carryover fund balance. The Library receives an indirect General Fund contribution by providing maintenance and construction of facilities, and by not charging for most county administrative costs. The Library will also receive a direct contribution of \$139,000 for librarian salary and benefit support, and \$490,679 to assist the phase in for County administrative charges, A-87, to the Library (offsets a new expense to the Library for A-87).

The **Fire Control Fund** provides fire protection services through a contract with the California Department of Forestry and Fire Protection and provides a hazardous material response (HAZMAT) capability. Recommended financing requirements of \$3.5 million are offset by estimated revenue and carryover fund balance of \$224,896. In FY 2004-05 the fund will receive a contribution for fire services from the General Fund of \$550,000 and \$5,000 from Environmental Health for HAZMAT. The fund also provides the contract support for the Dry Creek Fire CSA and Sunset West CSA fire protection services, which will reimburse the fund \$1.5 million for those services. Other financing sources include property tax, public safety sales tax and other miscellaneous revenue.

The **Debt Service Fund** accounts for principal, interest and fees on County debt service issued for certificates of participation (COP). The County's current COP issues were used to construct the new juvenile hall and the Finance and Administration Center at DeWitt. The General Fund contributes the net cost of the County's annual debt service to this fund, less reimbursements paid by other funds and revenue received. County debt service costs as a percentage of the County budget are well below those of comparable counties in the state. Recommended financing requirements are \$2 million for FY 2004-05.

# County Funds, Budget Policies & Legal Requirements

---

## INTERNAL SERVICE FUNDS

Placer County operates 10 internal service funds that are used to provide services primarily to other County departments. County departments are charged for services they receive. Internal service funds adjust rates as necessary to recover their costs. These funds are not intended to make a cumulative profit, nor should they indefinitely sustain operating losses. The internal service funds range in size of financing requirements from \$6.9 million to less than half a million. Total recommended financing uses and reserve additions for the internal service funds for FY 2004-05 is about \$38.7 million. Placer County internal services funds are: Telecommunication Services, Countywide Systems, Fleet, Correctional Food Services, Central Services, Special District Services, State Unemployment, General Liability Insurance, Workers Compensation Insurance and Dental and Vision Insurance.

Since internal service funds charge fees to County departments for services received, including these budgets with the County Proposed Budget for operating funds would result in duplication of budgetary figures. As a result, these funds are considered separately from the operating funds and are not included in the State Controller Schedules.

## ENTERPRISE FUNDS

Placer County will operate and manage 8 enterprise funds in FY 2004-05. Placer County enterprise funds are: Transit, TART, Eastern Regional Landfill, ERS LA Closure, Solid Waste Management, Property Management, Managed Care, and Community Clinics. Enterprise funds typically provide utility, property management, and health services to the public and charge for the services provided. Enterprise funds are not required to recover full costs, but should remain solvent. Placer County enterprise funds range in size of financing requirements from \$5.5 million to less than \$200,000. Total recommended financing uses and reserve additions for the enterprise funds for FY 2004-05 is a little more than \$26.2 million.

Two positions were added to Solid Waste Management with the Proposed Budget.

## BUDGET, FINANCE & DEBT MANAGEMENT POLICIES

Placer County's basic principles, goals and objectives that form the underlying foundation for the budget include<sup>4</sup>:

### BUDGET AND FINANCE POLICY

#### Revenue

- Ongoing costs will be funded with ongoing revenues to promote fiscal stability, predictability, sustainability, and long-range planning.
- The budget will include only realistic and probable revenue estimates, and will not be based upon high levels of anticipated growth or contingent upon the passage of legislation or future Board actions.
- Imposing or adjusting fees or other charges will be periodically evaluated for any service provided by the County where full cost recovery is not currently achieved.
- Prior to applying for and accepting Federal or State grants, departments must identify current and future fiscal implications of either accepting or rejecting the grant and identify if the program is consistent with the County's long-term goals and objectives.

---

<sup>4</sup> On January 7, 2003 the Board of Supervisors adopted the Budget and Financial Policies for Placer County. Information listed includes most of the policies adopted by the Board.

# County Funds, Budget Policies & Legal Requirements

---

- State revenues in the Proposed Budget will be budgeted considering the Governor's January Proposed Budget for the upcoming fiscal year.

## Expenditures

- The budget must be balanced so that estimated sources of funds equals the estimated uses of funds.
- Annual priority for General Fund funding will be given to capital improvements consistent with the County's Capital Facilities Financing Plan and the Road Maintenance Master Plan.
- Carryover fund balance will be used to fund one-time expenditures, reserves and contingencies and should not be used to finance ongoing operational costs.
- New position requests will be considered through the budget process and not otherwise during the fiscal year unless urgent circumstances exist.
- Partial or fully funded state and/or federal programs, administered by the County, will be implemented at the level of funding provided by the state or federal government. County overmatches for departments with maintenance-of-effort requirements will not increase.
- All requests for new program funding should be accompanied with clear and concise statements of the program's mission, performance objectives and intended measurable outcomes.
- Efficiency and economy in the delivery of County services are top priorities; departments will make productivity improvements within their service delivery areas and reduce discretionary expenditures.
- Automation and technology proposals must measurably demonstrate how cost savings will be achieved or how services will be improved, along with identifying potential sources of funding.
- The General Fund's Appropriation for Contingencies should be budgeted at not less than 1.5% of the operating budget, other funds, at not less than ½ of 1% of operating expenditures.

## Capital Budgets

- Capital budgets will expand to include a list of capital construction and road projects with brief descriptions; estimated to-date and total project costs; planned project costs for three future fiscal years; length of time to project completion; and proposed funding sources.
- Capital projects, which are not encumbered or completed during the fiscal year, or multi-year projects, will be re-budgeted or carried over to the next fiscal year.
- Capital projects will not be budgeted unless there are reasonable expectations that resources will be available to pay for them and a financing plan has been developed.
- Where alternative sources of financing are not available or sufficient for full funding, and the project is deemed critical for the provision of services or to meet mandated services levels, debt financing may be used in accordance with the County Debt Policy<sup>5</sup>. Debt will not be used to finance on-going operational costs, including those incurred due to new facilities.
- Project reimbursements to the County Capital Projects Fund shall not exceed actual expenditures, plus 25% of any encumbered contract balances.

---

<sup>5</sup> Placer County's Debt Management Policy was adopted by the Board of Supervisors on April 8, 2003. Bulleted information includes some, but not all, of the policies adopted by the Board.

# County Funds, Budget Policies & Legal Requirements

---

## Reserves & Appropriation for Contingencies

- The General Fund's total General Reserve and Designation for Economic Uncertainties should be accumulated over time until 5% of the annual operating budget reserve level is achieved.
- The General Fund's Reserve for Future Occurrences should be accumulated to a level that would provide for increases in medically indigent/public assistance caseloads during economic downturns.
- The General Fund allocation to the Designation for Fixed Asset Depreciation should be equivalent to the County's annual depreciation expense. Accumulated funds may be used in accordance with the long-term County Capital Financing Plan for facility replacement and construction.
- Smaller funds, or funds with uncertain or expected delays in reimbursement may need to accumulate a contingency reserve larger than 5% for cash flow reasons.
- Reserves for self-insurance funds shall be actuarially determined at least every other year. Reserves should be maintained at the 80% confidence level for net estimated losses.

## DEBT MANAGEMENT POLICY

- The County has made an ongoing commitment to maintain the facilities and infrastructure necessary to provide public services, but does not intend to rely upon long-term debt to defer its current obligations.
- The County will attempt to fund capital projects with grants, land use fees including impact fees, or other non-recurring resources. If these funding sources are insufficient the County will look at special or enterprise revenues, develop new funding sources, use general revenues, operating surplus, and/or unrestricted fund balance or capital reserves to fund capital projects. The County may consider leveraging these resources with bonds or certificates of participation.
- The County will minimize debt by deferring capital projects and by dedicating a portion of its resources towards pay-as-you-go capital investment. The County will continue to balance debt and equity by investing a portion of annual revenue in the capital program, providing for reserves and for depreciation.
- The County will maintain a prudent balance of debt and equity in meeting long-term capital needs in the form of pay-as-you-go financing. Debt and equity balance will be considered when planning the use of debt financing to address facility needs and other public infrastructure, and will ensure against incurring a level of fixed debt obligation that denies an appropriate level of future operating flexibility.

## COUNTY STRUCTURE & LEGAL REQUIREMENTS

### CALIFORNIA CONSTITUTION & GOVERNMENT CODE

Basic provisions for the government of counties are contained in the California Constitution and the California Government Code. A county is the largest political subdivision of the state and is vested by the Legislature with the powers necessary to provide for the health and welfare of the people within its borders. The distinction between a county and a city is that legislative control over counties is more complete than it is over cities. The Legislature may delegate to the counties any of the functions that belong to the state itself (unless specifically restricted by the state Constitution), and the state may take back and resume functions previously delegated to counties.



# County Funds, Budget Policies & Legal Requirements

State laws and county ordinances prescribe the manner and form in which the budget is presented. The Office of the State Controller sets forth the Government Code that specifies the content of the budget, budget adoption procedures and dates by which actions must be taken. A county may add or show in more detail required information, providing the financial detail and the classification of items required to be included in the budget are set forth.

Fund and account titles to be used by counties in the preparation of the operating budget are set forth in the publication, *Accounting Standards and Procedures for Counties*. The general operating group of funds are budgeted and accounted for under the modified accrual basis of accounting, and are summarized on Schedule 1 of the budget document. Internal service and enterprise funds are budgeted and accounted for under the full accrual basis of accounting. [As required by the State Controller, Governmental Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB)].

## PLACER COUNTY CHARTER & BUDGET PROCESS

The California Constitution recognizes two types of counties: general law counties and charter counties. General law counties adhere to state law as to the number and duties of county elected officials. Placer County, as a charter county, has limited degree of “home rule” authority that may provide for the election, compensation, terms, removal, and salary of the governing board.

Responsibilities and the delegation for preparation, review and approval of the budget are established by statute and ordinance and by policies coordinated through the Board of Supervisors, the County Executive Officer and the Auditor-Controller. Under the County Charter, the County Executive Office is responsible for providing systematic planning of the budget, recommending long-range capital planning, and must recommend an annual budget after reviewing requests of all departments and agencies for which the Board is responsible or which request County funds.

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, known as the County Budget Act, the County prepares and legally adopts a balanced Final Budget each fiscal year. Until the adoption of this final balanced budget, the adopted Proposed Budget approved by the Board of Supervisor governs operations.

The Proposed Budget is prepared after receiving direction from the Board of Supervisors regarding County priorities and goals to address long-term concerns and issues. Following and incorporating this direction, the County Executive Office prepares budget procedures and forms for use by departments and established target budgets for General Fund budgets. All departments then submit their requested budgets for the upcoming fiscal year. County Executive staff review budget requests, which are balanced against the County’s overall priorities and fiscal resources. A Proposed Budget document with narratives and accompanying schedules is prepared and submitted to the Board of Supervisors by June 30 of each year.

The Board adopts the Proposed Budget, which consists of a balanced budget for operating, enterprise and internal service funds. Reserves and estimated carryover fund balance/retained earnings may be added to estimated revenues to fund the estimated budget expenditures and other uses in each fund. Budget workshops and public hearings, which are open to the public, are conducted on the Proposed Budget to review all appropriations and the sources of financing and to make any adjustments necessitated by County needs and expenditure and revenue changes for the Final Budget. Because the Final Budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations. Encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures. The Board of Supervisors must adopt the Final Budget by October 2 of each year.

# County Funds, Budget Policies & Legal Requirements

---

The Board may make supplemental appropriations through budget revisions during the year, upon a four-fifths vote. Management cannot amend the budget without the Board's approval, except for adjustments between accounts that do not change object or appropriation totals. Amendments and transfers of appropriations between budget units, that increase an appropriation, or that involve the addition of and augmentation to a capital/road project or fixed asset equipment must be approved by the Board. In addition to any budget revisions during the fiscal year, the Board of Supervisors also traditionally approves adjustments to the budget at fiscal year end.

Budgetary control is exercised at the appropriation or budget unit level, except for fixed asset equipment and capital/road projects, which are separately appropriated and for allocated positions, which must be approved by the Board